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AZ CORP COMMISSION
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Office of Acquisition Management
U.S. Department of Homeland Security
801 I Street NW Suite 900
Washington DC 20536

U.S. Immigration
and Customs
Enforcement

5 February 2010

Pamela Genung
Public Utilities Analyst V
Arizona Corporation Commission
1200 W Washington
Phoenix, AZ 85007

Subject: Talton Communications Inc., Arizona Docket No. T-20717A-09-0578

Ms. Genung:

The U. S. Department of Homeland Security (DHS), Immigration and Customs Enforcement (ICE), Office of Acquisition Management (OAQ), submits the following in support of the application by Talton Communications to operate in the State of Arizona.

The ICE Detainee Telephone System (DTS) provides telephone services for approximately 30,000 ICE detainees, including a pro bono service network for detainees to make pro bono calls to consulates and pro bono attorneys, and system hardware and service for debit, collect, and pre-paid collect for local, long-distance and international calls at specific ICE facilities. Talton Communications is the ICE awardee of contract HSCEDM-09-C-00009 for operation of the Detainee Telephone System (DTS). The DTS contract was awarded on 6 May 2009. Actual implementation, however, was delayed until September 2009, due to a series of protests from the competitor who was not selected for the contract. Public Communications Services (PCS), the contract holder at the time, did not bid on the follow-on contract on the mistaken belief that the solicitation was not released even though ICE provided constructive notice to all potential offerors in accordance with the Federal Acquisition Regulation (FAR).

Moreover, the actual transition to Talton Communications was delayed even further, through February 26, 2010 because of a particular clause in a modification to the PCS contract regarding transition to the new contract. This modification was executed to maintain balance between pro bono and revenue-producing calls.

During the recent transition of service at the Otero facility in New Mexico, PCS notified us that Talton Communications had not met all of the requirements for conducting business in the State of New Mexico. The DTS in New Mexico was immediately re-connected to the prior contractor, PCS, pending approval from the New Mexico Utilities Commission. It was confirmed that no transactions occurred which required any public consumer money transacted to be refunded.

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In early January, the state of California and the former contractor, PCS, notified our office of Talton Communications' late and incomplete filing with the California Commission. PCS also notified us of Talton Communication's status in Arizona. Recently, Talton has subcontracted with a licensed vendor in Arizona and California in order to comply with state requirements and their contract with ICE pending approval of the state licenses. If Talton Communications is to be penalized for operating prior to approval of their application, it is understood, and ICE takes no position on such penalties. Notwithstanding, the Arizona Public Utilities Commission should be aware that over 90% of all DTS calls are interstate, and Talton Communications has filed all certifications for approval with the FCC. Additionally, ICE will convene a panel to independently determine what, if any, penalties should be imposed on DTS for operating its business prior to approval of the issuance of a license. Any potential penalties from Talton Communications' oversight regarding obtaining timely licensing approval are not considered an impediment to continue full deployment of the DTS. At this time, ICE has no intention to return to or further extend the contract of PCS, and no intention of reopening competition for new awards in the near future.

It should be brought to your attention that PCS and their partner, Securus, have provided a continuous stream of allegations regarding Talton Communications' alleged lack of adequate security, their rate structure, and the ability of their equipment to adequately support DTS requirements. In each case, ICE has investigated the allegations, involving a significant investment in time and money by this office. With the exception of pending licenses in New Mexico, California, and Arizona, ICE has found the allegations to be unfounded. Each transition delay requires the federal Government to extend the PCS contract, providing significant revenue to PCS, while delaying and preventing a timely DTS transition.

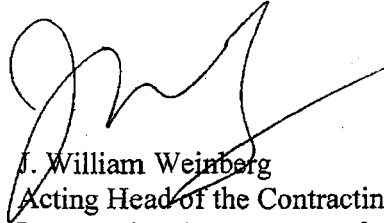
While investigating PCS' allegations, we received positive feedback for Talton Communications. Customers already transitioned to Talton Communications' pro bono platform and primary sites have universally praised Talton Communications' security features, service, and ability to provide reporting information. Additionally, there are indications that PCS itself may not have filed the same pro bono documentation which they accuse Talton Communications of not filing. This office will keep the State of Arizona advised of any developments concerning Talton or PCS.

ICE supports the approval of the application for licensing and tariff fees by Talton Communications. The DTS is an integral part of the ICE detention program as it is critical to security and safety of ICE detainees. In addition to Congressional mandates, facilities clearly indicate that the DTS ameliorates potential problems at their facilities.

We further recommend immediate approval for Talton Communications to initiate business operations in Arizona. If for any reason the state of Arizona determines that Talton Communications services should be disconnected or suspended, ICE will be placed in an extremely difficult position of providing emergency DTS services to detainees. The security features required as part of this system do not allow ICE to provide "off the shelf" telephone service. Moreover, if Talton Communications were to be temporarily suspended from operations in Arizona, this office has no intention of reinstating the previous vendor as an interim provider based on the aforementioned reasons.

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Should you or your staff have any questions regarding this matter, please contact Shannon Ely, 202-732-2535, Shannon.Ely@dhs.gov, Contracting Officer, or Michael A. Gorman, 202-732-3468, Michael.A.Gorman@dhs.gov.

A handwritten signature in black ink, appearing to read 'J. Weinberg', with a long horizontal stroke extending to the right.

J. William Weinberg
Acting Head of the Contracting Activity
Immigration & Customs Enforcement (ICE)
Department of Homeland Security (DHS)